

Message Text

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15

ACTION EUR-12

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FM AMCONSUL DUSSELDORF

TO SECSTATE WASHDC 2806

INFO USMISSION USBERLIN

AMEMBASSY BONN

AMCONSUL BREMEN

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMCONSUL FRANKFURT

AMEMBASSY THE HAGUE

AMCONSUL HAMBURG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMCONSUL MUNICH

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMCONSUL STUTTGART

UNCLAS DUSSELDORF 0130

E.O. 11652: N/A

TAGS: EMIN, ECIN, XT

SUBJECT: PROPOSED INTERNATIONAL STEEL FEDERATION

BEGIN SUMMARY: THE NATIONAL STEEL ASSOCIATIONS OF BELGIUM,
LUXEMBOURG, THE NETHERLANDS, AND THE FEDERAL REPUBLIC OF
GERMANY ANNOUNCED ON FEB 1 THEIR INTENTION OF FOUNDING
AN INTERNATIONAL STEEL FEDERATION TO REPRESENT THEIR

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INTERESTS BEFORE THE EUROPEAN COMMUNITY. THE COMMUNIQUE

INDICATED THAT THE FEDERATION WOULD APPLY TO THE EC COMMISSION FOR THE APPROVAL OF INTERNATIONAL RATIONALIZATION AGREEMENTS WITH REGARD TO INVESTMENT IN THE STEEL INDUSTRY. ALTHOUGH THE FEDERATION IS SUPPOSED TO BE OPEN TO ADDITIONAL PARTICIPANTS A SPOKESMAN FOR THE GERMAN INDUSTRY ASSOCIATION INDICATED THAT THERE WAS NO HURRY ABOUT ATTRACTING NEW MEMBERS. END SUMMARY.

2. REPRESENTATIVES OF THE ARBED-SIDMAR GROUP OF BELGIUM AND LUXEMBOURG, THE DUTCH STEEL ASSOCIATION AND THE TWO STEEL ASSOCIATIONS FROM THE FRG: WIRTSCHAFTSVEREINIGUNG EISEN- UND STAHLINDUSTRIE AND WALZSTAHLVEREINIGUNG, MET IN LUXEMBOURG ON JAN 31 TO DISCUSS THE ESTABLISHMENT OF AN INTERNATIONAL STEEL FEDERATION. ARBED HAS PLANTS IN THE SAAR AND AACHEN AREAS. THE DUTCH FIRM HOOGOVS, WHICH DOMINATES THE NETHERLANDS STEEL ASSOCIATION, MERGED WITH THE GERMAN HOESCH FIRM TO CREATE THE MULTINATIONAL CONCERN ESTEL. HENCE COOPERATION AMONG THESE FIRMS IS A GOING THING THAT CAN SERVE AS A BASIS FOR BROADER ARRANGEMENTS.

3. THE MAIN PURPOSES OF THE PROPOSED FEDERATION ARE TO REPRESENT THE MEMBERS INTERESTS IN FIELDS SUCH AS ENERGY AND RAW MATERIAL POLICY BEFORE THE EC AND TO OBTAIN EC APPROVAL FOR INTERNATIONAL RATIONALIZATION AGREEMENTS. AT PRESENT THE STEEL ASSOCIATIONS OF ALL THE EC MEMBERS STATES BELONG TO THE CLUB DES SIDERURGISTES, WHICH IS TOO LOOSELY ORGANIZED TO CARRY OUT THE PROJECTS CONTEMPLATED BY THE PROPOSED NEW FEDERATION. UNDER THE RATIONALIZATION AGREEMENTS FOR EXAMPLE THE PARTICIPANTS WOULD DECIDE WHICH TYPE OF PLANT WOULD BE BUILT, OR EXPANDED, IN EACH COUNTRY TO AVOID OVER-PRODUCTION OF CERTAIN KINDS OF STEEL PRODUCTS.

4. FROM 1967 TO 1971 THE GERMAN STEEL FIRMS WERE ORGANIZED INTO FOUR SALES ASSOCIATIONS CALLED "KONTORE". IN 1971 THE KONTORE WERE ABOLISHED AND SUCCEEDED BY RATIONALIZATION GROUPS THAT DID NOT HANDLE SALES BUT HARMONIZED INVESTMENT POLICY. NOW THE INTENTION IS TO CARRY THIS OUT ON AN INTERNATIONAL SCALE.

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5. WHEN ASKED ABOUT THE POSSIBILITY OF EXPANDING THE PROPOSED FEDERATION TO INCLUDE OTHER MAJOR STEEL PRODUCERS A SPOKESMAN FOR THE GERMAN IRON AND STEEL ASSOCIATION ADMITTED THAT THE ORGANIZERS WERE NOT ACTIVELY RECRUITING NEW MEMBERS. HE FORESAW THAT THE FRENCH ASSOCIATION MIGHT HAVE AN INTEREST IN JOINING BUT DOUBTED THAT THE BRITISH STEEL CORPORATION WITH ALL ITS DOMESTIC DIFFICULTIES WAS READY TO UNDERTAKE ANY BINDING INTERNATIONAL COMMITMENTS

IN THE NEAR FUTURE.DUX

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